



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

1594 West North Temple, Suite 1210

Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

April 29, 1997

CERTIFIED RETURN RECEIPT
P 074 976 577

Alfred F. Miossi, Vice President
Marblehead Lime Company
390 East Joe Orr Road
P.O. Box 488
Chicago Heights, Illinois 60411

Re: Replacement Surety Bond (), Utah Marblehead Lime Company, Marblehead
Limestone Quarry, M/045/003, Tooele County, Utah

Dear Mr. Miossi:

On April 11, 1997, the Division received a replacement surety bond () for the Marblehead Limestone Quarry located in Tooele County, Utah. The new bond is intended to replace the existing \$51,400 surety bond held by this office from Safeco Insurance Company of America. Unfortunately, the Division is unable to accept this replacement bond and release the existing Safeco surety bond at this time.

Reclamation surety amounts are usually scheduled for reevaluation every five years. Assuming everything has remained unchanged at the mine since the last surety evaluation, the existing surety amount is updated to reflect current year dollars. A standard five year escalation factor is calculated and added onto this amount. Subsequent surety evaluations may also occur when other extenuating circumstances warrant an adjustment or reevaluation. Our records indicate that the reclamation surety for the Marblehead Quarry was last updated in 1988. The surety amount was escalated five years to 1993 dollars (\$51,400).

Because the five year surety reevaluation timeframe has passed, we have revised the existing reclamation surety estimate to reflect current year dollars. A five year escalation factor has been added to the revised 1997 dollar estimate. The new reclamation surety amount in year 2002 dollars is \$62,500. We request that you have your surety company revise the surety bond amount to reflect this change. We have enclosed our latest revised surety bond form (MR-5) along with a Reclamation Contract (form MR-RC) for your convenience. The Reclamation Contract is a form which has been required since 1989 to support the chosen form of surety. A guideline is also enclosed to assist you in completing form MR-RC.

Please complete both forms and return them to us at your earliest convenience. We will return the older surety bond from Safeco Insurance Company when we have the new replacement documents in hand.

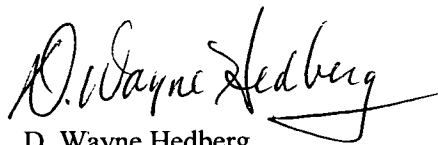
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Mr. Alfred Miossi
M/045/003
April 29, 1997

We are returning the new original surety bond which you sent from United States Fidelity and Guaranty Company for appropriate revision.

Please note that on the first page of the U.S. Fidelity surety bond, an inaccurate reference is made to another surety bond (Fireman's Fund Insurance Company) which is effectively being replaced. We only hold a surety bond from Safeco Insurance Company (as your cover letter references) for this mine site. Please notify your new surety company accordingly so they can revise the new form accordingly.

Please contact me, Tom Munson, or Tony Gallegos of the Minerals staff at: (801) 538-5286, 538-5321 and 538-5267 respectively, if you have any questions regarding the requirements of this letter. Thank you for your understanding and cooperation in completing this replacement surety action.

Sincerely,

A handwritten signature in black ink, reading "D. Wayne Hedberg". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

D. Wayne Hedberg
Permit Supervisor
Mineral Reclamation Program

jb
Enclosures: Surety Estimate, MR-5, MR-RC, guidelines, Surety Bond
cc: Mike Ford, BLM - Salt Lake District Office
Tom Munson, DOGM
M045003.sur

SURETY ESTIMATE UPDATE

Marblehead Lime Company M/045/003
Utah Marblehead Lime Quarry Tooele County
Prepared by Utah Division of Oil, Gas & Mining

Last Update 04/28/97
filename: o:\bonding\m45-03up.wb2

DESCRIPTION:

- Reclamation estimate for the limestone quarry was last calculated by DOGM May 24, 1988
- Quarry permit area includes 14 acres of haul roads & 35 acres of quarry disturbance
- Quarry highwalls are allowed to remain & the quarry floor is to be reclaimed
- Haul road may be allowed to remain unreclaimed IF the BLM wishes to keep the road intact
- Approximately 40 acres will receive revegetation treatments
- The total base amount in the 1988 reclamation estimate in 1988-\$ \$45,840
- Escalation factors through 1996 are actual Means Historical Cost Indices
- Total disturbed area = 49 ACRES

CALCULATIONS	YR	ESCAL FACTOR	BOND AMOUNT
	1987	0.0195	\$0
$F = P(1 + i)^{**n}$	1988	0.0181	\$45,840
F = Future Sum	1989	0.0177	\$46,651
P = Present Sum	1990	0.0077	\$47,011
i = Escalation Factor	1991	0.0127	\$47,608
n = number of periods	1992	0.0221	\$48,660
	1993	0.0261	\$49,930
	1994	0.0321	\$51,533
	1995	0.0193	\$52,527
	1996	0.0242	\$53,798
Three Yr Average = 2.52%	1997	0.0252	\$55,154
Used to Project 5 Yrs	1998	0.0252	\$56,544
Into the Future	1999	0.0252	\$57,969
From the Year 1997	2000	0.0252	\$59,430
	2001	0.0252	\$60,927
	2002	0.0252	\$62,463

Updated Surety Amount Rounded (2002-\$) \$62,500

** Average cost per acre = \$1,276 (\$/ACRE)

Reclamation Cost Estimate
Utah Marble Head Quarry
M/045/003

by
Frank Filas, Reclamation Engineer
May 24, 1988

Item	Quantity	Unit Cost	Total Cost
I. Grading, D-7 w/ripper			
a. Recontour Pad Area	120 hours	93.75/hr*	\$11,250
b. Rip and Recontour Roads	60 hours	93.75/hr	<u>5,625</u>
		Subtotal	\$16,875
II. Revegetation			
Broadcast seed with fertilizer and wood mulch	40 acres	620/acre	<u>24,800</u>
Total of Items I and II			\$41,675
III. Ten Percent Contingency			4,165
Total in 1988 dollars			45,840
Total in 1993 dollars (2.3% inflation for five years)			<u>51,400</u>

*Hourly rate for D-7 is calculated as follows:

Rental Rate Blue Book, D-7	\$52.25/hr
Operator	20.00/hr
Operating Cost, Blue Book	<u>21.50/hr</u>
Total	\$93.75/hr

** Reseeding cost per acre is assumed to be the same as calculated in the preliminary plant reclamation estimate.